

BANCOHIO CORPORATION

51 NORTH HIGH STREET, COLUMBUS, OHIO

January 28, 1952

Annual Report 1951

To the Shareholders:

As you read the financial statements of BancOhio Corporation for the year ending December 31, 1951 as herein presented and as examined by our auditors, it at once becomes apparent that 1951 was the best year in the twenty two full years of your corporation's existence.

The capital and surplus of BancOhio Corporation totaled \$23,920,870.79 on December 31, 1951, representing a book value of \$36.60 per share. The capital account was increased \$351,260 and the paid-in surplus was increased \$144,584.02 early in the year by the issuance of 17,563 shares of \$20 par value capital stock in exchange for 1,351 capital shares of The Knox County Savings Bank of Mt. Vernon. The surplus account reflects the \$1,314,205.19 net increase within the year in the corporation's equitable ownership in the capital stock of affiliated banks, comprising \$11,734.04 in excess book value over the cost of acquisition of minority shares of affiliates, \$1,312,157.19 of retained net earnings after dividend distributions and a net debit to the surplus accounts amounting to \$9,686.04 representing non-operating valuation and reserve adjustments and miscellaneous gains and losses.

The consolidated net income of the corporation and its affiliates for the calendar year 1951, after all taxes, depreciation and reserve appropriations amounted to \$2,136,067.86 or \$3.26 per share on the corporation's capital stock outstanding on December 31, 1951. Reserves for possible loan losses, established in prior years, had nearly attained the ceiling permitted under the Federal Revenue Act, so that only minor amounts were chargeable against income in 1951. Regular dividends of \$1.00 per share and a special year-end dividend of \$0.10 per share were paid in 1951.

These splendid results were attained in spite of increased costs in everything we buy or use. In the year, total salaries in the group were increased \$312,631 and taxes and assessments of all kinds, paid by the corporation and the banks, increased nearly \$800,000.

The year just closed witnessed a substantial growth in the resources of the component banks and at the year-end their combined assets were \$468,258,357, an increase of \$40,354,222 over the 1950 year-end total. At the last reckoning our group of banks were serving 332,105 customers without calculating the re-instituted Christmas Savings accounts which numbered 16,319 at the year-end.

Along with this impressive increase in the banks' resources has been the step-up in their loan volume and totals which on December 31, last, had reached \$114,309,566 or 24.4% of their resources. The combined bond accounts of the banks, which at the close of business at the year-end 1950 stood at \$215,586,861 reached \$241,090,873 at the end of last year, including \$191,393,808 of United States Treasury issues with an average maturity of two years and eleven months and an average first call date of one year and eleven months. There was also included in the combined bond accounts \$49,697,065 of State, Municipal and other bonds with an average maturity of four years and one month and only .23% of such issues are due beyond ten years.

The shareholders, I am sure, will be interested in several happenings in the affairs of the corporation and its group of banks:

In Columbus, the Ohio National Bank joined with the other local banks to inaugurate the five-day week. Saturday closing, with longer banking hours on Fridays, appears to have been well accepted by the depositors and customers of the banks in the area.

Following the fire in our bank building at Zanesville, the Citizens National Bank completely renovated its bank building and is now housed in an attractive and modern banking room.

The Ohio State Bank at Whitehall, which started business in an old residence in December 1950, moved into its new quarters in October 1951. On the last banking day of 1951 its resources exceeded \$2,043,000.

In the closing days of last year the Ohio National Bank acquired property at 2702 Cleveland Avenue, in the rapidly growing Linden section, and announced early this year its intention to build there a commodious branch office with all modern facilities for customer convenience.

Near the close of last year, several changes were made in our Hospitalization Plan, to become effective in 1952, that will bring reimbursements more in line with present day costs of such services.

December 31, 1951 saw the completion of the first year of operation of our Retirement Plan. In addition to the ten persons receiving benefits thereunder in 1951, two additional persons were retired as of the first of the year 1952. The indicated total cost to the banks for all 1952 retirement payments is \$7,300.

BancOhio Corporation is your corporation by right of your stock ownership. The corporation derives almost its entire income from the twenty banks in the group. Are you making all the use you can of the many services these banks perform? By so doing, the profits of your corporation are enhanced.

We acknowledge with deep appreciation the splendid contributions made to our successful year by the 1187 people who comprise our organization and commend most highly the fine spirit of cooperation of directors, officers and collective staff throughout our entire group. Possessed of this loyal and well trained staff, the problems of the year 1952 should not prove too great an enigma.

We pay tribute to the 54 of our people who are still away from us in the service of our country. Fortunately, a kindly Providence has kept them safe from casualties.

Respectfully submitted,

James R. Coppins

James R. Coppins, President

PRICE WATERHOUSE & CO.

Union Commerce Building
Cleveland 14, Ohio
January 21, 1952

To the Board of Directors of
BancOhio Corporation:

We have examined the 1951 financial statements of BancOhio Corporation (parent company only). Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances; but we did not examine the financial statements of the subsidiary banks. However, we reviewed the copies of the state and national bank examiners' 1951 reports presented to us; the reports indicated that all subsidiary banks were examined during 1951 by such examiners.

The investments in subsidiary banks are stated on the basis of the parent company's equity in the net assets of the banks as shown by their December 31, 1951 financial statements; the net increase in the investment account, resulting from such basis, is included in surplus. The financial statements of the banks were certified by responsible bank officials to be copies of the statements filed with either the Comptroller of the Currency or The Division of Banks of the State of Ohio.

Based on our examination described above, and with the explanation in the preceding paragraph as to the basis for stating the investments in the subsidiary banks, it is our opinion that the accompanying balance sheet and statements of income and surplus of the parent company—BancOhio Corporation—present fairly its position at December 31, 1951 and the results of its operations for 1951, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.

BANCOHIO CORPORATION

(Parent Company Only)

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1951

Income:

Dividends from subsidiary banks.....	\$ 878,578.10
Other income (interest \$67,040.88).....	67,136.88

\$ 945,714.98

Expenses:

Salaries, sundry taxes, office fixtures and equipment and other operating expenses	\$ 473,423.16
Less—Service charges to subsidiary banks.....	404,799.98
	<u>\$ 68,623.18</u>
Federal income taxes 1951—estimated.....	59,000.00

127,623.18

\$ 818,091.80

Adjustments prior years (including credit of \$5,000 from reduction of valuation allowance for receivable).....

5,818.87

Net income, carried to surplus.....

\$ 823,910.67

STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 1951

Balance at December 31, 1950..... \$ 9,284,678.74

Surplus arising from issuance of 17,563 shares of BancOhio capital stock—par value \$351,260—for shares (approximately 90%) of The Knox County Savings Bank of Mt. Vernon, Ohio, having a net asset equity of \$495,844.02

144,584.02

Adjustment (net) arising from changes in minority interests in subsidiary banks during 1951 (\$41,349.02 equity in net assets, less \$29,614.98 cost of equity acquired)

11,734.04

\$ 9,440,996.80

Net income in 1951, per above statement of income..... \$ 823,910.67

Increase in 1951 in equity in net assets of subsidiary banks, arising from undistributed 1951 income of banks as follows:

(a) operating income

1,312,157.19

\$2,136,067.86

(b) less net amount of reserve adjustments, recoveries and losses, etc.

9,686.04

2,126,381.82

Cash dividends paid—\$1.10 per share.....

\$11,567,378.62
718,762.80

Balance at December 31, 1951 (see note to balance sheet).....

\$10,848,615.82

THE BANCOHIO BANKS

DEPOSITS, CAPITAL AND SURPLUS, UNDIVIDED PROFITS AND CONTINGENT RESERVES — COMBINED — AT DECEMBER 31, 1951

	<u>Total Deposits</u>	<u>Net Assets</u>	<u>Capital and Surplus</u>	<u>Undivided Profits and Contingent Reserves</u>
OHIO NATIONAL BANK OF COLUMBUS	\$279,401,191	\$12,150,876	\$ 9,500,000	\$2,650,876
FIRST NATIONAL BANK OF CADIZ	6,657,489	357,825	310,000	47,825
FIRST NATIONAL BANK OF CHILLICOTHE	13,496,536	747,809	600,000	147,809
SECOND NATIONAL BANK OF CIRCLEVILLE	2,925,294	310,983	250,000	60,983
FIRST NATIONAL BANK OF COSHOCTON	12,935,615	846,907	700,000	146,907
FIRST NATIONAL BANK OF DELAWARE	10,268,424	614,744	450,000	164,744
HOCKING VALLEY NATIONAL BANK OF LANCASTER	7,962,875	531,256	400,000	131,256
FARMERS AND MERCHANTS BANK LOGAN	5,474,014	384,672	275,000	109,672
FIRST NATIONAL BANK OF LONDON	5,744,942	381,550	275,000	106,550
FIRST NATIONAL BANK OF MARYSVILLE	4,830,565	298,401	225,000	73,401
KNOX COUNTY SAVINGS BANK MT. VERNON	7,623,382	588,041	400,000	188,041
UNION LICKING BANK NEWARK	9,574,632	615,493	500,000	115,493
PERRY COUNTY BANK NEW LEXINGTON	1,945,315	147,415	125,000	22,415
THE NATIONAL BANK OF PORTSMOUTH	9,584,700	530,726	425,000	105,726
FIRST NATIONAL BANK OF SPRINGFIELD	27,902,148	1,889,336	1,562,000	327,336
FIRST NATIONAL BANK OF TIFFIN	6,999,263	439,221	400,000	39,221
FIRST NATIONAL BANK OF WASHINGTON C. H.	6,771,316	351,951	250,000	101,951
OHIO STATE BANK WHITEHALL	1,846,110	178,157	150,000	28,157
FIRST NATIONAL BANK OF WILMINGTON	5,154,088	361,261	240,000	121,261
CITIZENS NATIONAL BANK IN ZANESVILLE	14,662,228	920,135	800,000	120,135
Combined Totals	<u>\$441,760,127</u>	<u>\$22,646,759</u>	<u>\$17,837,000</u>	<u>\$4,809,759</u>
Less—Minority interests		<u>507,406</u>	<u>385,709</u>	<u>121,697</u>
BancOhio Corporation equity		<u>\$22,139,353</u>	<u>\$17,451,291</u>	<u>\$4,688,062</u>

THE BANCOHIO BANKS

SUMMARY OF COMBINED TOTAL NET ASSETS—AT DECEMBER 31, 1951

Assets:

Cash and due from banks (including \$2,536,115 due from BancOhio bank).....	\$108,762,230
U. S. Government bonds.....	191,393,808
State and Municipal bonds.....	47,578,062
Other bonds and securities.....	2,119,003
Loans (less \$1,523,427 reserves for bad debts).....	114,309,566
Banking premises and equipment.....	4,095,688
	<u>\$468,258,357</u>

Liabilities:

Demand deposits (including \$1,952,477 deposits of BancOhio banks and BancOhio Corporation).....	\$318,156,975
Time deposits	123,603,152
	<u>\$441,760,127</u>
Interest, taxes, etc.	2,235,137
Unearned income	1,616,334
	<u>445,611,598</u>
Combined Total Net Assets	<u><u>\$ 22,646,759</u></u>

SUMMARY OF CHANGES IN COMBINED TOTAL NET ASSETS—DURING 1951

Combined total net assets at December 31, 1950.....	\$ 20,764,301
Net assets of The Knox County Savings Bank of Mt. Vernon, Ohio, at date of acquisition.....	550,532
Net income for 1951:	
Net operating income	\$2,241,230
Net amount of reserve adjustments, recoveries and losses, etc.	<u>9,804</u>
	2,231,426
	<u>\$ 23,546,259</u>
Cash dividends paid (\$878,578 to BancOhio Corporation).....	899,500
Combined Total Net Assets at December 31, 1951.....	<u><u>\$ 22,646,759</u></u>

BANCOHIO CORPORATION

(Parent Company Only)

(An Ohio Corporation—Incorporated in 1929)

BALANCE SHEET DECEMBER 31, 1951

ASSETS

Deposits in banks (\$123,275.52 in subsidiary bank).....	\$ 130,144.27
U. S. Government securities, at cost (approximate market).....	1,346,096.01
Notes and accounts receivable (including \$166,324.02 from directors of subsidiary banks)—less \$90,000 valuation allowance	341,324.02
Receivable from subsidiary banks (insurance premiums paid for their account).....	22,953.86
Investments in shares of subsidiary banks (acquired for BancOhio capital stock and cash)— stated on basis of equity in net assets of the banks at December 31, 1951.....	22,139,352.63
	<u>\$23,979,870.79</u>

LIABILITIES, CAPITAL AND SURPLUS

Federal income taxes—estimated.....	\$ 59,000.00
Capital stock—\$20 par value:	
Authorized—850,000 shares	
Issued—653,616.049 shares (less 2.94 shares in treasury at cost).....	13,072,254.97
Surplus (see note below), per statement attached.....	10,848,615.82
	<u>\$23,979,870.79</u>

Notes:

For the purpose of administering Section 5144, United States Revised Statutes, the Federal Reserve Board has accepted December 31, 1934, as a starting point for the determination of BancOhio Corporation earned surplus, as though there had been a quasi reorganization at that date. On that basis the total surplus account at December 31, 1951 would be segregated as follows:

Capital surplus (net)	\$ 1,068,780.75
Surplus from increase in equity in net assets of the subsidiary banks—since December 31, 1934.....	8,209,442.65
Earned surplus—since December 31, 1934.....	1,570,392.42
	<u>\$10,848,615.82</u>